

HIGHLIGHTS FOR 2017

Average farm operator returns for labor and management on 2,335 Illinois farms were lower for all geographic areas in the state in 2017 compared to 2016, except for western and far southern areas of Illinois. The average return to the sum of all operator's labor and management income in 2017 was a *negative* \$16,530. The 2017 returns were \$44,227 below the 2016 average of \$27,697 and \$25,794 below the average for the last five years. A reasonable charge for the farm's debt-free capital invested in machinery, equipment, land, and inventory averaged \$61,229. Combining this amount with the return to operators' labor and management (sum of all operators) and unpaid family labor resulted in average operators' net farm income of \$45,142. Lower corn prices and lower new crop soybean prices were the main reasons for lower incomes this year. Returns above feed cost for all livestock enterprises were higher than the year before, mainly due to higher prices received. Most counties in Illinois received farm program payments in 2017 due to the county's crop returns in 2016 being lower than their Olympic five-year average. With lower corn returns for 2017 in the south central part of the state, estimates show many of these counties will receive a farm payment in 2018 for the 2017 crop year. Farm earnings were highest in the most southern part of the state. All regions had net farm incomes that were positive this year. Earnings were lowest in the northern part of the state.

Corn yields were the same as the 2016 yield and above the five-year average. Corn yields were 10 bushels per acre above the five-year average. 2017 soybean yields were below 2016. The average corn yield on the 2,335 farms was 215 bushels per acre. Soybean yields averaged 62 bushels per acre. Corn yields were generally highest in the western parts of the state. Soybean yields were highest in the central area of the state. The

growing season temperature was close to normal temperatures. However, the precipitation received was variable. For the entire state, April was three inches wetter than normal, while August and September were drier. The drier beginning to fall allowed the crops to mature and harvest progressed normally.

Year-end inventory price for the 2017 corn crop of \$3.20 per bushel was 10 cents lower than a year earlier. \$9.10 per bushel was the new crop soybeans inventory price, 70 cents less than December 31, 2016. The average sales price received for the 2016 corn crop sold in 2017 was above their inventory price resulting in a positive marketing margin. The 2016 soybean crop sold in 2017 sold above their inventory price as well, resulting in a positive marketing margin. Crop returns averaged \$688 per tillable acre, \$57 per acre lower than the 2016 crop returns.

Returns above feed costs for all livestock enterprises were higher than the year before. All of the livestock enterprises experienced lower feed costs and higher returns. Returns above feed for farrow-to-finish hog producers were estimated to be about \$1.00 per hundredweight above the breakeven level in covering total economic costs in 2017. Dairy producers experienced \$2,283 returns above feed per cow in 2017 compared to \$1,936 in 2016. Milk prices were thirteen percent higher compared to the year before. Returns above feed to feeder cattle enterprises increased from \$16.70 in 2016 to \$43.56 in 2017. Prices paid and received for market cattle were lower than the year before. Returns above feed per cow increased to \$345 for all cow-calf herds. When this enterprise is separated into groups based on pounds produced per cow all groups showed an increase as well.



Estimates in net worth change can be made by adjusting net farm income for nonfarm income, withdrawals for family living, and income and social security tax paid. This amount would be a modified-cost-basis change in net worth, which excludes changes due to inflation. As seen on page 5, estimated changes in net worth showed increases nearly statewide, with the largest increase being in the central part of the state. The most northern and southern tips of the state saw a decrease in estimated net worth. Changes in net worth among individual farm operators will vary greatly due to differences in farm and nonfarm income and family living withdrawals.

Pages 3 and 6 have the average amount of interest paid per farm. Average farm interest paid in 2017 was \$30,137, up \$559 from 2016. Over the last ten years, interest paid on a per-acre basis was the lowest at \$20.39 in 2009 and the highest at \$25.96 in 2017. In 2017, it increased from \$25.79 to \$25.96 per acre. Interest paid as a percentage of gross farm returns was 4.2 percent in 2017 compared to 3.9 percent in 2016.

Some key financial factors, such as the current, debt-to-asset, and debt-to-equity ratios, can be found on pages 10 to 13 by type of farm. This type of information is useful in providing some benchmarks when evaluating the financial efficiency of a farm operation.

Pages 22 to 36 report returns and costs for crops and livestock enterprises. Total returns to farrow-to-finish hog producers averaged \$51.41 per hundredweight in 2017 compared to \$45.18 the year before. Feed costs decreased, averaging \$30.43 per hundredweight produced. The average price received per hundredweight for slaughter cattle was \$117.25, and the price paid for replacement feeder cattle was \$143.93. Dairy returns included the average price received for milk of \$18.43 compared to \$16.27 in 2016.

Total economic costs per acre to produce corn and soybeans in 2017 were variable as compared to 2016. Common among all areas of the state was lower fertility and land costs while nonland interest charge increased. Costs per bushel to produce corn and soybeans increased in most areas of the state due to lower yields. Total economic costs per acre to raise corn and soybeans on these farms averaged \$857 and \$635, respectively.

From a sample of pure grain farms in the state, the total economic cost per bushel of corn produced was \$3.99 with an average yield of 215 bushels per acre. The total cost per bushel of soybeans was \$10.24 with an average yield of 62 bushels per acre. The 2016 costs per bushel were \$4.00 and \$9.74 for corn and soybeans, respectively. The total costs for 2012 were the highest cost per bushel to grow corn and soybeans since this study began due to lower yields from the drought. The variation in yields and costs during the past few years makes it important to analyze these costs over more than one year. The 2013-2017 five-year average to produce corn and soybeans on these farms is \$4.38 per bushel for corn and \$10.68 per bushel for soybeans.

In summary, farm earnings in 2017 were lower than the 2016 earnings and the average for the last five years. Lower crop returns, because of lower end of year prices and lower soybean yields were the main reason for the lower incomes. Most livestock returns were higher due to higher price received. Even with similar yields and prices, margins are still low. The variability in incomes in the last five years show the importance of good records and financial management.

